



July 3, 2014

KANSAS BULLETIN NO. KS440-14-3

SUBJECT: PGM—Government Accountability Office Audit Remediation Requirements for Payments to Individuals Identified as Deceased

Action required by: July 25, 2014 (Field Offices [FOs])
July 30, 2014 (State Office [SO])

Purpose. Provide guidance for reviewing potential improper payments to deceased individuals

Expiration Date. September 30, 2015

Background. The Government Accountability Office (GAO) completed a data review of the Natural Resources Conservation Service (NRCS) conservation program payments made in fiscal years 2008 through 2012 and reported that NRCS made potential improper payments to deceased individuals. While GAO acknowledged that *some of these payments may have been proper*, the NRCS will review each of these identified payments to determine if an improper payment was made and take any appropriate actions. If an individual who requested program benefits dies prior to payment issuance, these payments are considered to be proper.

If an individual who is eligible for program payments dies prior to the request for such benefits, it can result in unique payment eligibility situations. An executor or administrator may sign for payment application and must include, as part of the endorsement, an indication of the capacity in which the executor or administrator is endorsing the payment application. An example would be: *“John Jones by Mary Jones, executor of the estate of John Jones.”* These payments issued to the estate and associated tax identification number (TIN) are also considered to be proper.

However, if someone other than the deceased performed this activity or the payment was earned after the participant died, and the payment was issued to the deceased individual, **the payment is considered improper**. These situations, among others, may occur when an authorized representative of the deceased participant does not notify the NRCS of the participant’s death, continues to carry out the contract without an approved transfer of the agreement, and signs inappropriately on behalf of the deceased.

(more)

DIST: A, F, S

As cited in Title 440, Conservation Programs Manual, Part 512, Subpart F, Section 512.54, and the Conservation Program Contracting (CPC) terms and conditions, the contract terminates upon death unless the participant has designated an executor or estate representative who can transfer the contract to an eligible participant within 60 days. For clarification, an executor is the person who the decedent named in their will to take charge of the estate. A copy of the death certificate along with "letters testamentary" or "letters of representation" from the court affirming the appointment are adequate signature authority documents for actions necessary to dispose of the decedent's estate in the name of the estate itself.

FOs will review the list of participants on the spreadsheet no later than July 25, 2014, and note on the spreadsheet whether the payment issued was proper according to the chart below:

IF review reveals that the producer is . . .	AND the . . .	THEN the FO . . .
deceased, but –all payment and program eligibility requirements were met –program payment was earned by the deceased	correct TIN was paid	documents that the: –payment was proper.
not deceased and –all payment and program eligibility requirements were met –program payment was earned by the listed participant	incorrect TIN was used	–obtains verification of the correct TIN. –corrects all records, including vendor records and any associated 1099 income that may have been reported. –revises or corrects all program contracts and applications according to applicable program procedure
	producer verifies that TIN entered was correct	–document the payment as proper –advise the producer to contact Social Security Administration about the possible record error.
deceased and –payment and program eligibility requirements were not met –the program payment was not earned by the deceased	correct TIN was used	–documents that the payment was improper on the spreadsheet. The SO will: –provide written notice of adverse determination of improper payment with appeal rights based on the spreadsheet entry.

The spreadsheet is located on the SO S drive at:

\\Aitkssa23fp1\kssa2\Shared\2014_GAO_Audit_for_Deceased_Individuals

Area offices will be mailed the password for the spreadsheet and are responsible for ensuring the proper FOs are notified they are on the list along with providing them the password. Once an area has completed their review, please email Xiomara Tryban, Assistant State Conservationist that the review has been completed for the area.

The SO will in turn populate the spreadsheet located on the NHQ website by July 30, 2014.

Contact: Forward questions through established channels to Xiomara Tryban, Assistant State Conservationist, at xiomara.tryban@ks.usda.gov or call (785) 823-4569.

(Signed)

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State Conservationist